

**Capital Region Development Authority
100 Columbus Boulevard, 5th Floor
Hartford, CT 06103
Thursday, May 19, 2022
3:00pm – Teams Meeting**

(The Board Meeting was held via Microsoft Teams with public access)

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Alexandra Daum; David Jorgensen; Andrew Diaz-Matos; Robert Patricelli; Paul Hinsch; David Robinson; Joanne Berger-Sweeney; Randal Davis;

Board Members Absent: Seila Mosquera-Bruno; Mayor Mike Walsh; Mayor Luke Bronin; Joseph Giulietti

CRDA Staff Present: Michael Freimuth; Joseph Geremia; Robert Saint; Anthony Lazzaro; Jennifer Gaffey; Kim Hart; Terryl Mitchell Smith

Guest: Eileen Buckheit, Director of Development, Town of East Hartford

Minutes

“The March 24, 2022 CRDA Board meeting minutes were moved by Andy Bessette, seconded by David Robinson and approved.”

There was a brief discussion regarding renewal of board member appointments. Mr. Freimuth and Attorney Lazzaro indicated that once members are appointed, they stay on the Board until they resign or are replaced. A spreadsheet will be distributed to the Board with their information regarding appointments.

Presentation

Eileen Buckheit gave a brief presentation on the Silver Lane Corridor Redevelopment Plan for the Town of East Hartford. Pending adoption by Summer 2022, the plan addresses a number of projects along this key roadway. The largest of these is the redevelopment of the former Showcase Cinema site by Jasko Development and construction of up to 420 market rate apartments. The demolition and redevelopment of other blighted properties, including the Silver Lane Plaza shopping area, are also included in the plan. Ms. Buckheit noted that CRDA bond funding designated for East Hartford has been used and will continue to be needed for full implementation of the plan.

Mayor Reports

Hartford – Randal Davis gave a brief report in Mayor Bronin’s absence. Mr. Davis indicated that the report the Mayor gave at the last meeting, with respect to some of the large projects in Hartford, those projects are all still ongoing as well as many more in the pipeline. The Mayor will give a more in depth report at the June Board meeting.

Mr. Davis highlighted a couple of the projects:

State’s Innovation Corridor Grant Program - Hartford submitted an application focused on Parkville and a decision is expected very soon.

DONO – will be starting next phase in the next few months.

East Hartford – Eileen Buckheit reported on the following projects in Mayor Walsh’s absence:

DECD Challenge Grant - EH received \$2 million from the DECD Challenge grant. We will be partnering with Goodwin University on a marina on their campus.

Si-Fi Networks FiberCity - SiFi launch was this week. They have all the permits and approvals to begin laying fiber in the ground.

Business Development Fund - The ARPA small business assistance program was launched on May 1st. Grants of up to \$125,000 can be approved per business if they meet the criteria of the program which generally includes facades, expansion or job growth.

McCartin School – Work towards demolition and redevelopment of the McCartin School site continues. the plan is to move this along this year with the assistance of CRDA.

National Development and Showcase Cinemas - These sites are both scheduled for Inland Wetlands approvals in July and Planning and Zoning Commission approvals in August. Both developers hope to close on the deals this fall with construction starting before winter.

Finance

Chief Financial Officer Joseph Geremia reported on the following financial update for May 2022.

Fiscal Year 2022 Operating Statistics

CT Convention Center – Mar. 2022

Event Update: Events restarted in Sept. 2021
Scheduled for 69 events this fiscal year vs. budget of 70 events
Family shows, video gaming, dancing, and religious groups remain on schedule
Event promoters concerned about attendance and exhibitor product availability

Mar. financials: Revenues \$234,500 unfavorable to budget due to recent event cancellations and lower rental income negotiated with promoters for shows that did occur, both related to COVID-19
Expenses \$481,400 favorable to budget due to savings in utilities and marketing
Net Loss of \$3.944M favorable to budget by \$246,900
Total year projection of \$5.846M loss even with budget

CRDA Parking Facilities – Mar./Apr. 2022

Stats (Apr.): Utilization of 64% is favorable to budget by 16%

Mar. financials: Revenues \$841,400 favorable to budget due to transient and hotel guest revenues as well as large consumer shows returning to the convention center in January
Expenses \$756,800 unfavorable compared to budget due to increased event personnel and for repairs & maintenance
Net Income \$84,600 favorable to budget
Total year projection of \$819,200 net income even with budget

Church Street Garage – Mar./Apr. 2022

Stats (Apr.): Utilization of 42% is unfavorable to budget by 14%

Mar. financials: Revenue unfavorable to budget by \$258,900 due to decrease vehicle counts in market monthly contracts

Expenses \$884,400 favorable compared to budget due to deferral of CRDA facility support
Net Income \$625,500 favorable to budget
Total year projection of \$798,000 net income is \$473,000 favorable to budget
Lost one corporate account for second half of fiscal year

Bushnell South Garage – Mar./Apr. 2022

Stats (Apr.): Opened to State departments in December 2021
Averaging 141 state vehicles per day-34% utilization
Mar. financials: No YTD operating revenue generated
Expenses \$13,700 favorable compared to budget due to savings in personnel and insurance offset with increased snow removal expenses
Net Loss \$13,700 favorable to budget
Total year projection of \$219,500 loss even with budget

XL Center – Mar. 2022

Event Update: Sports seasons occurred for AHL hockey, UConn basketball, and UConn hockey
Concert industry moved holds into Fall 2022
Indoor event attendance and increased staffing requirements remain concerns as well as a slow return of group sales activity
Mar. financials: Event revenue \$287,600 unfavorable compared to budget [HWP: (\$89K), WBB: (\$46K), MBB: \$158K, MIH: (\$11K), Concerts: (\$384K), and other events: \$84K]
Other Income \$238,700 unfavorable to budget due to sponsorship COVID-renegotiations
Operating expenses \$288,100 favorable compared to budget due to savings in personnel, utilities, and insurance
Hockey operations \$10,600 favorable compared to budget
Net Loss of \$2,650,900 unfavorable to budget by \$227,600
Total year projection \$126,700 unfavorable compared to budgeted loss of \$3.644M

P&W Stadium at Rentschler Field – Mar. 2022

Event Update: Held 2 USA soccer games, 1 NYC league soccer game, 6 UConn football games, holiday lights display, and misc. parking lot events
Scheduled to host NCAA Lacrosse event in May 2022 and international soccer game in June 2022
Mar. financials: Event revenue \$812,300 favorable compared to budget due to 2 USA soccer games \$420,000, a NYC soccer game \$213,000, 6 UConn football games \$80,600, and parking lot events \$98,700
Operating expenses \$263,700 unfavorable compared to budget due to F&B event personnel
Other Income \$227,100 unfavorable to budget due to sponsorship COVID-renegotiations
Net Operating loss of \$139,000 favorable to budget by \$321,500
Total year projection \$740,000 favorable compared to budgeted loss of \$879,000 due to three professional soccer events and dependent on scheduled NCAA lacrosse event, remaining professional soccer event, as well as UConn venue support of \$250,000
\$522,300 received in State funding due to prior year losses related to COVID-19

CT Regional Market - Mar. 2022

Stats: Occupancy: 81% with 12 tenants
Activity: Farmers' Market operated for 2021 season from April 3 through Oct. 30
Farmers' Market opened for 2022 season on April 2

Mar. financials: Operating revenue \$79,600 unfavorable to budget due to decreased warehouse rental income compared to budget
Operating expenses \$100,200 favorable to budget due to savings in utilities, insurance, security, and snow removal
Net income of \$204,700 favorable to budget by \$20,600
Total year projection of \$229,600 net income even with budget

Fiscal Year 2023 Budgets

Mr. Geremia reported on the following FY2023 Budget Process:

1. Management companies/CRDA staff prepared draft budgets (March through May)
2. CRDA staff reviewed draft budgets followed by appropriate adjustments (May)
3. CRDA Board Executive & Finance Committee members reviewed budgets with CRDA staff (May)
4. Full Board presented budgets for authorization (May)
5. CRDA Board Venue Committee presented major venue budgets (May)
6. CRDA Board Executive & Finance Committee members to review state appropriation and major venue budgets (May)
7. Full Board to be presented state appropriation and major venue budgets for authorization (June)

Mr. Geremia presented the following FY23 budgets highlighting significant areas of interest.

CT Regional Market FY23 Operating Budget: \$150,647

The Regional Market is funded through three sources. The market receives lease revenue for refrigerated agricultural space, farmers' market fees, and billboard revenue. Operating expenses consists of maintenance, utilities, security, facility management fees, and transitional expenses, as well as net operating expenses of \$31,191 associated with the farmers' market.

Front Street District FY23 Operating Budget: \$38,914

The Front Street district is funded through PILOT revenues received from HB Nitkin, the district's retail operator. Operating expenses consists of insurance, median and bridge maintenance, utilities, snow removal, and misc. expenses.

Central Utility Plant, CRDA Parking Facilities, and Bond Indenture/Trustee Budgets

The operations and budgets for the Central Utility Plant, CRDA Parking Facilities, and Bond Indenture/Trustee budgets are related to the economic activity generated by the CT Convention Center. Their revenues are netted together with excess funds sent to the State Treasurer's Office for the use of covering CRDA revenue bond debt.

Bond Indenture/Trustee FY23 Operating Budget: \$56,634

Revenues from the CRDA Parking Facilities and the CUP are deposited with the Trustee. CRDA then allocates a Board-approved budget to fund the expenses of the operations, capital needs, and the costs associated with the bond debt service. Of these funds, \$960,000 is allocated towards the remaining \$4.7 million of the 5-year capital plan that totaled \$6.7 million. Excess funds are sent to the State Treasurer's Office for the use of covering CRDA revenue bond debt.

Central Utility Plant (CUP) FY23 Operating Budget (expenses): \$3,037,230

The central utility plant (“CUP”) is governed by an energy sharing agreement, administrated by CRDA, between the Connecticut Convention Center, the Marriott Hotel and the Connecticut Science Center whereby each party is required, among other things, to fund a certain portion of the CUP’s operations, debt service and capital needs.

FY23 Budgeted Net Operating Gain of \$0.

CRDA Parking Facilities **FY23 Operating Budget: \$402,942**

The CRDA Parking Facilities include the garages located at the Connecticut Convention Center, the Connecticut Science Center, and the two garages on Front Street, Front Street North and South garages. These garages generate revenues through monthly parking contracts, employee parking, and residential parking contracts. Additional revenues are generated through convention center and hotel events, transient parking, and parking along Front Street.

Church Street Garage **FY23 Operating Budget: (\$742,809)**

The Church Street Garage generates revenues through monthly parking contracts, corporate validations, transient parking, and through events held at the XL Center.

Expenses include payroll and benefits, insurance, security, utilities, maintenance, and snow removal.

Garage net operating gain provides a supplemental operating subsidy to the XL Center as well as reinvested in capital improvements such as structural repairs and replacement of the waterproof membrane.

FY23 Net Operating Loss of \$742,809 includes \$1,400,000 income draw for XL Center supplemental funding.

Bushnell South Garage **FY23 Operating Budget: (\$325,024)**

The Bushnell South Garage provides parking for State employees from a number of State agencies as well as the Judicial branch. The garage also has the ability to generate revenue in the evening or on weekends by providing parking to patrons of the Bushnell Theatre.

Expenses include payroll and benefits, insurance, security, utilities, maintenance, and snow removal.

Garage net operating loss funded with initial opening State financing.

The following motion was moved by Andy Bessette, seconded by David Robinson and approved.

“The CRDA Board of Directors hereby authorizes the seven FYE 2023 Budgets under the scenarios recommended by management subject to available funds known as: CT Regional Market; Front Street District; Bond Indenture/Trustee; Central Utility Plant (CUP); CRDA Parking Facilities; Church Street Garage; and the Bushnell South Garage.”

Housing & Neighborhood Committee

Joanne Berger Sweeney, along with Mr. Freimuth, reported on the following projects that were discussed and vetted by the CRDA Housing and Neighborhood committee on March 4, 2022.

Project: Fuller Brush - 3580 Main Street Hartford, CT

Conversion of Buildings 1&2 into Residential Units, Building 3 as amenity building

Developer: Shelbourne Properties

History: The former Fuller Brush industrial campus in Hartford’s North End consists of 12.5 acres, 10 buildings and 326,000 sf of space. Ultimately the property will include a mix of uses including commercial, industrial, innovation and office space. The proposal was approved by the Housing/Neighborhood Committee on April 1, 2022.

The project will renovate Buildings 1 & 2 into 153 housing units with 140 large studios and one bedroom and 13 two-bedroom units totaling 174,565 sf of the complex. (Building 3 will serve as an amenity building)

	<u>Const.</u>	<u>Perm.</u>
Dev. Budget: Conventional Senior Debt	\$12.0M	\$12.0M
CRDA/City Dev Acct.	8.5M	6.5M
CPACE	6.9M	6.9M
Federal HOME	1.0M	1.0M
Federal HTC	1.1M	4.5M
State HTC		4.0M
Def Fee	1.0M	
Equity/cash	<u>5.7M</u>	<u>1.3M</u>
TDC	\$36.2M	\$36.2M

Proposal: To utilize up to \$8.5M in CRDA and City development funds to gap the project. CRDA will lend up to \$5.5M and the City development account will fund up to \$3M to create a combined \$8.5M subordinate loan at 2%/30yr terms with interest only payments in years one thru five, amortization beginning in year six with a 15-year term and a partial pay down of the CRDA funds in year 2 from the Federal Historic Credits proceeds. There is some expected variance in final credit and loan amounts as well as development budget due to ongoing construction and financial pricing environments.

The following motion was moved by Andy Bessette, seconded by Randal Davis and approved.

“The executive director is authorized to lend to Shelbourne Properties (or such acceptable single purpose entity) up to \$5.5M in CRDA housing assistance and up to \$3M of city funds consistent with the CRDA/City of Hartford MOU of December 3, 2021 at 2%/30-year amortization with a 15-year term; an interest only period of five years; and a buy down once historic credits are monetized in year two; subject to the State Bond Commission approval of the \$5.5M; all other sources of funds being secured; and such fiduciary terms and conditions as deemed necessary and appropriate by the executive director and CRDA counsel”.

Mr. Freimuth reported on the following other projects:

- Housing - Rents are doing well and occupancies are in the 90% range
- Hilton – converting to Double Tree – Financing is in closing phase.
- 55 Elm – moving forward
- Park & Main – 95% leased

David Jorgensen brought up an issue related to Park & Main. Before the investment that CRDA made for the Park & Main project there was some discussion about the need to relocate some social services and shelters, clinics and rehab facilities that are located in the South Green area. There is a lot of criminal activity along with drug dealing. It was my understanding that these services would be moved to a more industrial or commercial spaces instead of where families are raising families and children are walking to school.

Last month I was asked to attend a joint NRZ meeting for Blue Hills and Upper Albany. There were discussions regarding the South Park Inn being relocated to 333 Homestead Avenue. The neighborhood is concerned and the NRZ are against it for all of the same reasons Park & Main had the same concerns. Maybe the Mayor, at the next meeting, can update the Board regarding where the facilities will be relocated.

Randal Davis indicated that the Mayor put out a statement specific to this. He heard and listened to all of the concerns of the residents. It is a complex discussion in terms of how and where these facilities will be relocated. The facilities will not currently be relocated to 333 Homestead Avenue.

Mr. Jorgensen indicated that these are critical services and he is willing to help in any way he can. He thanked Mr. Davis for the update.

Regional and Economic Development Projects Committee (RED)

Mr. Freimuth gave the RED Committee report on behalf of Mayor Walsh:

- Hilton – converting to Double Tree – Financing is in closing phase, possibly June.
- The Bond – is moving forward

Venue Committee

Andy Bessette, Chairman of the Venue Committee, reported on the following items:

XL Center – Sports Betting Lounge

The General Assembly has approved a provision allowing for all net revenue from a sports betting lounge at XL to be transferred to CRDA for operation of that venue. A term sheet for an agreement with the Connecticut Lottery Corporation should be ready for the next Venue Committee meeting.

Such revenue will keep the sports betting lounge from operating at a loss. Staff operating the betting components of the lounge will be employed by the Lottery Corporation. Rising construction and material costs will likely impact the project budget and work should proceed as soon as possible.

OVG Partnership

OVG has been evaluating XL's potential to host premier concerts, with a focus on seating and load-in capacity. That evaluation has concluded that the seating bowl can be reconfigured to accommodate the 13,500 seats and staging layout required for large concerts. Improving the venue's load-in and load-out capacity will be more problematic, but potential solutions have been identified. The next step will be estimating the cost of the desired improvements.

Pratt & Whitney Stadium at Rentschler Field

CRDA staff are currently reviewing the Stadium building assessment prepared by Populous and will present copies to the Committee for the next meeting. This assessment comes at a critical time with the OPM/UConn lease expiring next year, along with the OPM/CRDA Stadium operating agreement and the CRDA/OVG management agreement.

Connecticut Convention Center

Repair work in the building continues, including planning for a new elevator and replacement of the cooling towers. Repairs to the plaza deck between the Convention Center and Marriott are nearing completion.

Events

The Convention Center is currently hosting an immersive Sistine Chapel event and various group meetings. Pratt & Whitney Stadium is preparing for the NCAA lacrosse championships later this month, while the XL Center hosted a WWE event earlier this month. The Journey concert scheduled for May 10th was postponed due to a band member testing positive for COVID and OVG is hoping to reschedule in the near future.

XL Center - Chairwoman Hopgood asked about other alternatives regarding the ramp at XL for loading and unloading. Mr. Freimuth reported that by designing the lower level, three to four trucks will be able to operate at once vs. currently where one truck can be loaded/unloaded at a time. A lot of the construction and design is underneath the building.

The south ramp is being currently being looked at which is coming off of Ann Street. That may require rearranging some of the columns. Construction services is trying to get pricing on these possibilities.

Bob Saint added that the full-size tractor trailers go in using the North ramp and the sports lounge is going to sit on top of it. As part of that project, we are in the process of improving that ramp.

Rentschler Field - Kim Hart presented the National Development Logistics Center Master Plan Rendering at Rentschler Field and reviewed its potential impact on stadium operations.

Executive Director Report

Mr. Freimuth reported on the following items:

Legislative summary – Mr. Freimuth reported on the Approved Bills from the 2022 Legislative Session impacting CRDA.

Budget Revisions – The FY23 budget revision bill makes no changes to CRDA's \$6.3 million appropriation for next year. It also leaves intact the \$2.5m in American Rescue Plan funds authorized in 2022 session for venue recovery. The bond section of the bill authorizes \$50 million in new bonding for CRDA projects. (*House Bill 5506, sections 1-2 & 318*)

Sports Betting at XL – The budget revision bill provides that revenue from the sports betting facility to be located at the XL Center will be directed to CRDA for operation of that venue. This legislation is

necessary for the Authority to move forward with construction of the sports betting facility. (*House Bill 5506, sections 431- 432*)

CRDA Solicitation of Private Investments – The budget revision bill also includes clarification language authorizing CRDA to solicit private investment funds from businesses to finance any project the Authority undertakes. The bill requires that private investments be made under similar terms and conditions as the investments CRDA makes in the project. (*House Bill 5506, sections 475-476*)

City of Hartford Residential Assessment – This legislation extends the residential assessment provision for CRDA projects from those located within our statutory district to those located anywhere in the Capital City. (*Senate Bill 9, section 10*)

Brainard Airport Study – This legislation authorizes DECD to undertake a comprehensive study of the Brainard Airport site, specifically to assess the benefits and opportunity costs to Hartford and the state of the current and alternative uses of the airport property. Committee legislation had authorized CRDA to conduct the study. (*House Bill 5506, section 430*)

Stadium Budget Submittal – This legislation repeals a procedural requirement that OPM (CRDA) submit a copy of the Stadium operating and capital budgets to both the Comptroller and the General Assembly prior to the start of each fiscal year for comments and review prior to a final stadium budget adoption. As a practical matter, the timing was not workable. The Authority will continue to provide for annual audits of the Stadium’s operations that are also submitted to the Legislative committees of cognizance. (*House Bill 5506, section 169*)

Parkville/Hamilton Fund Change – Mr. Freimuth discussed a proposal to swap funding sources for two Parkville projects. All of the terms of the deals would remain the same however the CRDA and City funding allocations will be modified.

Board members raised a question regarding whether this would raise any concerns. Mr. Freimuth indicated he would bring it back to the Board in a more formal review in June.

Adjourned - 4:28pm